

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

ENTERED

MAY 31 2000

CLERK'S OFFICE
U.S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
BALTIMORE

In re:

SUNTERRA CORPORATION, et al.,

Debtors.

Case No. 00-5-6934-JS through
(Chapter 11) 00-5-6967-JS
(Jointly Administered)

* * * * *

**ADMINISTRATIVE ORDER PURSUANT TO 11 U.S.C. §§ 105(A), 328 AND 331
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION AND
REIMBURSEMENT OF PROFESSIONALS**

Upon consideration of the Motion of Sunterra Corporation, *et al.*, the above-captioned debtors and debtors-in-possession herein (collectively, the "Debtors") for an Administrative Order Pursuant to 11 U.S.C. §§ 105(a), 328 and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals (the "Motion"), and for good cause shown, it is this 31st day of May, 2000:

ORDERED, that, except as may otherwise be provided in orders of this Court that authorized the retention of specific professionals, all professionals employed under 11 U.S.C. §§327 or 1103 (the "Professionals") in these cases may seek interim compensation in accordance with the following procedure:

- (a) No later than the 20th day of each month following the month for which compensation is sought, each Professional will submit via facsimile, overnight mail, or courier, a monthly statement (the "Monthly Statement"), including the daily time entries and summaries of time normally submitted with an interim fee application (redacted as may be necessary and appropriate), as well as a detailed summary of all disbursements and expenses for which the Professional is seeking reimbursement (said detailed summary of all disbursements and expenses is to be in conformity with paragraph C of Appendix D of the Local Bankruptcy Rules for

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the District of Maryland) to (i) the Debtors, 1781 Park Center Drive, Orlando, Florida 32835, Attention: Sandy Michel, Esq. (ii) to Debtors' co-counsel Willkie, Farr & Gallagher, 787 Seventh Avenue, New York, New York 10019-6009, Attention: Marc Abrams, Esq., and Whiteford, Taylor & Preston, LLP, Seven Saint Paul Street, Baltimore, MD 21201, Attention: Martin T. Fletcher, Esq.; (iii) Office of the United States Trustee, Marsh & McLennon Building, 300 West Pratt Street, Suite 350, Baltimore, Maryland 21201, Attention: Mark Neal, Esq.; and (iv) to counsel of any Committee appointed pursuant to § 1102 of the Bankruptcy Code (the "Committees");

- (b) *No later than the 20th day of each month following the month for which compensation is sought, each Professional will file the Monthly Statement with the Court;*
- (c) *In the event any of the Debtors, the Committees, and the United States Trustee (the "Reviewing Parties") have an objection to any portion of the Fees or Expenses sought in a particular Monthly Statement, based on a preliminary view that such fees and expenses are not properly allowable, they or it shall, within 10 business days of receipt of the Monthly Statement, serve by telecopy upon the Professional whose Monthly Statement is objected to, and the other Reviewing Parties, a written "Notice of Objection to Fee Statement" setting forth, at a minimum, the amount of Fees and Expenses to which the reviewer objects and the basis for the objection. Thereafter, the Professional can seek payment of objected to Fees and Expenses under Section 331 through the Professionals' next interim fee application, as described below;*
- (d) *If no objection to any respective Professional's Monthly Statement is served by the deadline set forth in paragraph (c) above, the Debtors shall pay the full amount of such Fees and Expenses less a 20% Holdback of the Fees, within 10 business days;*
- (e) *If an objection to any respective Professional's Monthly Statement is served by the deadline set forth in paragraph (c) above, the Debtors shall pay the amount of*

such Fees and Expenses requested in the Monthly Statement less any amount objected to and less a 20% Holdback of the Fees, within 10 business days;

- (f) The first Monthly Statement submitted by each of the Professionals pursuant to this order will cover all periods from the Petition Date through the end of June 2000 and will be filed on or before July 15, 2000. Thereafter, each Monthly Statement will cover a single calendar month;
- (g) The monthly Fees and Expenses paid pursuant to Monthly Statements under this Order shall not be deemed allowed or disallowed for purposes of sections 330 or 331 of the Bankruptcy Code. Rather, for each "Fee Period," as set forth in subparagraph (h) below, each Professional, shall, file with the Court and serve on the Reviewing Parties an application for interim approval and allowance of the Fees and Expenses requested pursuant to section 331 of the Bankruptcy Code (the "Interim Fee Applications") and in conformity with Appendix D of the Local Bankruptcy Rules for the District of Maryland; and serve notice of the filing of such Interim Fee Application on those parties set forth in paragraph (a) above as well as parties who have requested notice pursuant to Fed.R.Bankr.P. 2002.
- (h) Each Professional shall file its first Interim Fee Application covering the period from the Petition Date through and Including August 31, 2000 on or before October 15, 2000. Thereafter, each Interim Fee Application will cover one of three Fee Periods in each calendar year. Any Objection to an Interim Fee Application shall be filed on or before the 10th of the month following the filing and serving of the Interim Fee Application. The three Fee Periods and the deadlines for filing, or objecting to, an Interim Fee Application for that Fee Period are as follows:

Fee Period	Deadline to file Interim Fee Application	Deadline to file Objection to Interim Fee Application
January 1 – April 30	June 15	July 10
May 1 – August 31	October 15	November 10
September 1 – December 31	February 15	March 10

- (i) If a Professional fails to serve a Monthly Statement timely, said Professional may not incorporate it into the next Monthly Statement but may seek said fees in the next Interim Fee Application;
- (j) If a Professional fails to file and serve an Interim Fee Application timely, then said Professional may incorporate said fees into the next Interim Fee Application but may not receive payment on any intervening Monthly Statements until said next Interim Fee Application is filed;
- (k) Each Professional's Monthly Statement and Interim Fee Application shall be divided into discrete service categories as agreed upon by the United States Trustee and the Professional;
- (l) Each Professional shall maintain accurate detailed time records in both electronic and hard-copy form and, upon request, shall provide either or both to the United States Trustee;
- (m) Any Fees Allowed pursuant to a Court Order Granting an Interim Fee Application shall be reduced by a "Holdback" in an amount to be agreed upon by the Professional and the United States Trustee or as determined by the Court.
- (n) Each Monthly Statement and Interim Fee Application shall be accompanied with a summary sheet substantially in the form of the example attached hereto as **Exhibit A**;
- (o) To the extent that any deadline set forth herein would fall on a Saturday, Sunday or "legal holiday", as that term is defined by Fed.R.Bankr.P. 9006, such deadline shall be extended to the next day which is not a Saturday, Sunday or legal holiday;

and it is further

ORDERED, that all monthly Fees and Expenses paid pursuant to this Order shall be subject to the provisions of sections 330 and 331. Further, such monthly Fees and Expenses are reviewable and subject to revision before and at the end of the cases in accordance with section 330 of the Bankruptcy Code. In any proceedings conducted under section 330, nothing

contained in this order shall be deemed to change the burden of proof under applicable law. The United States Trustee, the Debtors, the Committees, and other parties in interest may object to the final allowance under section 330 of all or part of the amounts requested, including those amounts already awarded and those amounts subject to holdback, if any.

James F. Schneider
Judge, United States Bankruptcy Court